

# BUDGET LETTER

<b>SUBJECT:</b>	YEAR-END FINANCIAL REPORTING REQUIREMENTS	<b>NUMBER:</b>	13-05
<b>REFERENCES:</b>	STATE ADMINISTRATIVE MANUAL SECTIONS 6400, 7900 ET SEQ., GOVERNMENT CODE SECTIONS 12460, 12461.2 AND 13344 , AND BL 13-02	<b>DATE ISSUED:</b>	May 7, 2013
		<b>SUPERSEDES:</b>	BL 12-04

TO: Agency Secretaries  
Department Directors  
Departmental Budget Officers  
Departmental Accounting Officers  
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

This Budget Letter (BL) reminds and informs state departments of existing and new year-end financial reporting requirements and deadlines for fiscal year 2012-13.

<b><i>Deadlines and Deliverables</i></b>	
<b>July 31, 2013</b>	General Fund, feeder funds (0081, 0084, 0085, 0086, 0089, 0090, 0091, 0094, and 0097) and economic uncertainty funds (0374 and 0375) due to the State Controller's Office (SCO).
<b>August 20, 2013</b>	All other funds due to the SCO.
<b>August 20, 2013</b>	Report of Bank/Savings and Loan Association Account Outside the Treasury System, Report 14 due to the State Treasurer's Office (STO), a copy to SCO, and a copy to Department of Finance (Finance), Fiscal Systems and Consulting Unit (FSCU). Submitting a copy to Finance FSCU is a new requirement.
<b>August 20, 2013</b>	Report of Expenditures of Federal Funds, Report 13 due to Finance FSCU, and a copy to SCO.
<b>August 30, 2013</b>	Generally accepted accounting principles (GAAP) information, excluding independently audited financial statements due to the SCO.
<b>October 1, 2013</b>	Independently audited financial statements due to the SCO.

## **New Requirements for 2012-13**

1. Report 14 and instructions will be revised and effective for fiscal year 2012-13. Revisions to Report 14 and pertinent State Administrative Manual (SAM) sections will be included in the SAM June 2013 update. Each department head will be required to sign the Report 14 and submit a copy to Finance FSCU.
2. As stated in BL 13-02, departments will be required to submit fund reconciliation packages to Finance this fall. The packages will include a reconciliation between the year-end financial statements and budget documents for the Governor's Budget, along with the supporting year-end financial statements and certifications of past and prior year information.

Further details on these new reporting requirements will be provided in upcoming training for departments in June 2013. Departments are required to attend the training sessions to be familiar with these requirements. An announcement for the training sessions will be distributed to subscribers of Finance's Budget Operations Mailing List.

Additional requirements for financial reports are included in SAM sections 7900 et seq. and the SCO's Year-End Financial Reports Procedures Manual. These requirements should be reviewed in order to minimize problems. Departments should also develop a year-end work plan. Work plans are an essential tool in planning and monitoring financial reporting activities to ensure the timely completion of the reports.

Finance, California State Accounting and Reporting System (CALSTARS) training unit, is offering year-end training classes for CALSTARS departmental accounting staff involved in financial statement preparation. CALSTARS Operations Memos (COM) 13-01 and 13-02 announced this year's training schedule. COM 13-03 contains the CALSTARS Schedule for Fiscal Year 2012-13 Year-End Closing. COMs are available on the CALSTARS website:

[http://www.dof.ca.gov/accounting/calstars/procedures/operations\\_memos/](http://www.dof.ca.gov/accounting/calstars/procedures/operations_memos/).

Other year-end resources include Volume 7 of the CALSTARS Procedures Manual at:

<http://www.dof.ca.gov/html/calstars/calsdocs/MANUAL/VOLUME-7/v7toc.pdf>

and a report checklist at:

<http://www.dof.ca.gov/html/calstars/optools.htm>. Assistance is also available from the CALSTARS Hotline at (916) 327-0100 or e-mail: [hotline@dof.ca.gov](mailto:hotline@dof.ca.gov).

Government Code (GC) section 12461.2 authorizes the SCO to withhold any or all operating funds from a department if that department fails to submit complete and accurate financial reports to the SCO within 20 days from the above due dates.

### **Consistency between Governor's Budget and Year-End Financial Reports**

GC section 12460 requires information in the SCO's Budgetary/Legal Basis Annual Report to account for funds on the same basis as that of the applicable Governor's Budget and Budget Act. GC section 13344 requires state departments to prepare and maintain financial and accounting data for inclusion in the Governor's Budget, Budget Act and related documents, and the Budgetary/Legal Basis Annual Report described in GC section 12460, according to the methods and bases provided in regulations, budget letters, and other directives of Finance. The SCO's Report reflects a culmination of information submitted by departments. It is critical that departments' submittal to the SCO reflects correct and reconciled information.

As specified in SAM (<http://sam.dgs.ca.gov>) section 6400, it is important that fund balance, revenues, expenditures, and other accounting data included in the past year's presentation of the Governor's Budget are equivalent in amount and classification with similar data published in the SCO's Budgetary/Legal Basis Annual Report. Therefore, departments shall use their year-end financial statements as the basis for preparation of budget documents for the Governor's Budget. Departments must ensure that data included in both the budget schedules and year-end financial statements are identical unless permitted by law or Finance has approved a difference.

If you have questions regarding this BL, please contact the FSCU Hotline at (916) 324-0385 or e-mail: [fscuhotline@dof.ca.gov](mailto:fscuhotline@dof.ca.gov).

/s/ Veronica Chung-Ng

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